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6 IN THE UNITED STATES DISTRICT COURT
7 FOR THE DISTRICT OF ARIZONA

8 Merola Sales Company, Inc.,

9 Plaintiff,

10 vs.

11 Tabarka Studio, Inc.,

12 Defendant.
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No. CV-18-00248-PHX-SPL

ORDER

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16 Plaintiff Merola Sales Company, Inc. (“Merola”) filed suit against Tabarka Studio,
17 Inc. (“Tabarka”) seeking a declaratory judgment against any copyright infringement
18 claims, and other relief. (Doc. 1) Tabarka filed counterclaims against Home Depot U.S.A.
19 Incorporated (“HD Stores”) and Home Depot Product Authority LLC (“HD Web”, and
20 together with HD Stores, the “Home Depot Defendants”)¹ for copyright infringement and
21 injunctive relief. (Doc. 29) Before the Court is the Home Depot Defendants’ motion to
22 dismiss (the “Motion”) seeking dismissal of Tabarka’s infringement counterclaims against
23 them. (Doc. 41) The Court’s ruling is as follows.

24 **I. Background**

25 Meir Zenati (“Zenati”) is a designer that creates hand-painted tiles, pottery,
26 furniture, and other housewares. (Doc. 29 at 14) Zenati has created many collections of

27 ¹ HD Stores owns and operates the stores of The Home Depot Inc. throughout the
28 United States. HD Web buys products and operates the website for The Home Depot Inc.
(Doc. 41 at 3)

1 hand-painted tiles, which he manufactures and sells to several of the largest tile distributors
2 throughout the United States. (Doc. 29 at 15) At issue in this case are four of Zenati's
3 designs, Paris Metro 1 ("PM 1") created in 2008, Casablanca 2 ("C2") created in 2007,
4 Paris Metro 11 ("PM 11") created in 2008, and Touareg 6 created in 2011. In 2017,
5 Tabarka began the process of obtaining registered copyrights for PM 1, PM 11, C2, and
6 Touareg 6 with the U.S. Copyright Office. (Doc. 29 at 16) On August 15, 2017, PM 1, PM
7 11 and Touareg 6 were issued copyright registrations for the artwork on the tiles. (Doc. 29
8 at 16) However, the registration application for C2 was denied on March 22, 2018.² (Doc.
9 29 at 17)

10 In 2015, prior to the filing of the copyright registration applications, Tabarka
11 became aware that several of its designs, including PM 1, PM 11, and C2, were being
12 copied and sold in nearly-identical tiles throughout the United Kingdom. (Doc. 29 at 17)
13 In 2017, Tabarka became aware that Merola, along with the Home Depot Defendants, was
14 selling unlicensed tiles that were identical copies of Tabarka's tiles. (Doc. 29 at 22, 25)
15 Tabarka sent a letter to the Home Depot Defendants on May 1, 2017, stating that the Home
16 Depot Defendants were violating Tabarka's copyright interests through sale of the tiles.
17 (Doc. 41 at 2) Merola, the supplier of the tiles to the Home Depot Defendants, responded
18 to the first letter seeking proof of ownership of valid copyrights. (Doc. 41 at 2–3) On
19 August 23, 2017, Tabarka sent a second letter to the Home Depot Defendants alleging
20 copyright infringement. (Doc. 41 at 3)

21 On January 23, 2018, Merola initiated this lawsuit seeking a declaratory judgment
22 that it did not infringe on Tabarka's copyright interests. (Doc. 1 at 12–13) On May 1, 2018,
23 Tabarka filed its answer and asserted counterclaims against Merola and the Home Depot
24 Defendants for copyright infringement and injunctive relief. (Doc. 29 at 12–34) The Home
25 Depot Defendants filed the Motion on June 7, 2018, seeking dismissal of Tabarka's

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28 ² The application for C2 was denied, but Tabarka filed a request for reconsideration
with the U.S. Copyright Office. (Doc. 29 at 17)

1 counterclaims for lack of personal jurisdiction and improper venue, among other reasons.
2 (Doc. 41)

3 **II. Dismissal for Lack of Personal Jurisdiction Pursuant to Rule 12(b)(2)**

4 A. Legal Standard for General Jurisdiction

5 It is well settled that only a limited set of affiliations with a forum will render a
6 defendant amenable to general jurisdiction there, and the paradigm forum for the exercise
7 of general jurisdiction over a corporation is one in which the corporation is fairly regarded
8 as at home, such as the place of incorporation and principal place of business. *Best Odds*
9 *Corp. v. iBus Media Ltd.*, 655 F. App'x 582–83 (9th Cir. 2016). Only in an exceptional
10 case will general jurisdiction be available anywhere else. *Id.* It is undisputed that HD
11 Stores is a Delaware corporation with its principal place of business in Georgia, and HD
12 Web is a limited liability company organized under the laws of Georgia with its principal
13 place of business in Georgia. (Doc. 41 at 5; Doc. 29 at 13) Accordingly, the Court finds
14 that the Home Depot Defendants are not subject to the general jurisdiction of the Court.

15 B. Legal Standard for Specific Jurisdiction

16 Under Rule 4.2(a) of the Arizona Rules of Civil Procedure, an Arizona court may
17 exercise personal jurisdiction over parties, whether found within or outside the state, to the
18 maximum extent permitted by the Arizona Constitution and the Constitution of the United
19 States. *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 416 (9th Cir. 1997) (stating that
20 under Rule 4.2(a), Arizona will exert personal jurisdiction over a nonresident litigant to the
21 maximum extent allowed by the federal constitution). Due process requires that to exercise
22 jurisdiction over a non-resident defendant, the defendant have certain minimum contacts
23 with a forum such that the maintenance of the suit does not offend traditional notions of
24 fair play and substantial justice. *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).
25 Courts employ a three-part test to determine if a defendant has sufficient minimum contacts
26 to be subject to specific personal jurisdiction: (1) the non-resident defendant must
27 purposefully direct his activities or consummate some transaction with the forum or
28 resident thereof; or perform some act by which he purposefully avails himself of the

1 privilege of conducting activities in the forum, thereby invoking the benefits and
2 protections of its laws; (2) the claim must be one which arises out of or relates to the
3 defendant's forum-related activities; and (3) the exercise of jurisdiction must comport with
4 fair play and substantial justice, i.e. it must be reasonable.³ *Schwarzenegger v. Fred Martin*
5 *Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004).

6 "The plaintiff bears the burden of satisfying the first two prongs of the test."
7 *Schwarzenegger*, 374 F.3d at 802. If the plaintiff meets that burden, "the burden then shifts
8 to the defendant to 'present a compelling case' that the exercise of jurisdiction would not
9 be reasonable." *Axiom Foods, Inc. v. Acerchem Int'l, Inc.*, 874 F.3d 1064, 1068–69 (9th
10 Cir. 2017). Although the burden is on a plaintiff to show that a court has jurisdiction over
11 a defendant, in the absence of an evidentiary hearing, a plaintiff need only make a "prima
12 facie showing of jurisdictional facts to withstand the motion to dismiss." *Pebble Beach Co.*
13 *v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006).

14 C. Analysis

15 i. Purposeful Direction

16 A plaintiff satisfies the first prong by demonstrating that a defendant either
17 purposefully availed itself of the privilege of conducting activities in the forum or
18 purposefully directed its activities at the forum. *Washington Shoe Co. v. A-Z Sporting*
19 *Goods Inc.*, 704 F.3d 668, 672 (9th Cir. 2012). In tort cases, courts typically inquire
20 whether a defendant purposefully directs its activities at the forum state, applying an effects
21 test that focuses on the forum in which the defendant's actions were felt, whether or not
22 the actions themselves occurred within the forum. *Yahoo! Inc. v. La Ligue Contre Le*
23 *Racisme*, 433 F.3d 1199, 1206 (9th Cir. 2006). The "effects" test requires that the

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25 ³ In determining reasonableness, seven factors are considered: (1) the extent of a
26 defendant's purposeful interjection; (2) the burden on the defendant in defending in the
27 forum; (3) the extent of conflict with the sovereignty of the defendant's state; (4) the forum
28 state's interest in adjudicating the dispute; (5) the most efficient judicial resolution of the
controversy; (6) the importance of the forum to the plaintiff's interest in convenient and
effective relief; and (7) the existence of an alternative forum. *Rio Properties, Inc. v. Rio*
Int'l Interlink, 284 F.3d 1007, 1021 (9th Cir. 2002). No single factor is dispositive, and a
court must balance all seven. *Id.*

1 defendant allegedly must have (1) committed an intentional act, (2) expressly aimed at the
2 forum state, (3) causing harm that the defendant knows is likely to be suffered in the forum
3 state. *Calder v. Jones*, 465 U.S. 783 (1984); *Mavrix Photo, Inc. v. Brand Techs., Inc.*, 647
4 F.3d 1218, 1228 (9th Cir. 2011).

5 a. Intentional act

6 In this case, the intentional act element is easily satisfied. Courts have held that
7 operating an active website qualifies as an intentional act. *Rio Properties, Inc. v. Rio Int'l*
8 *Interlink*, 284 F.3d 1007, 1021 (9th Cir. 2002) (stating that operating even a passive website
9 in conjunction with “something more”—conduct directly targeting the forum—is sufficient
10 to confer personal jurisdiction). In the Complaint, Tabarka alleges that HD Web hosted a
11 website that provided a forum to actively allow commercial transactions to take place,
12 including sale of the tiles at issue. (Doc. 29 at 13, 25–26) Furthermore, HD Stores denies
13 that it stocked the tiles in its stores, but admits that its stores were available as vehicles to
14 ship and retrieve tiles ordered from HD Web. (Doc. 41 at 8) The Court finds that the
15 website operated by HD Web was not a passive website and that the transaction of
16 commerce constitutes the “something more” necessary to confer jurisdiction. Further, the
17 availability and use of HD Stores’ locations for products ordered from HD Web constitutes
18 an intentional act predicated on the sale of the tiles in Arizona. Therefore, the Court finds
19 that Tabarka has pleaded sufficient facts to demonstrate that the Home Depot Defendants
20 engaged in intentional acts in Arizona.

21 b. Expressly Aimed

22 The second prong of the test, express aiming, focuses on whether a defendant’s
23 allegedly tortious action was expressly aimed at the forum. *Picot v. Weston*, 780 F.3d 1206,
24 1214 (9th Cir. 2015). Courts have held that individualized targeting satisfies the express
25 aiming requirement. Individualized targeting is established when a defendant willfully
26 infringes on a plaintiff’s copyright and has knowledge of both the existence of the
27 copyright and the forum of the copyright holder. *Axiom Foods*, 874 F.3d at 1069. In this
28 analysis, the Court must look to the Defendants’ own contacts with the forum, not to the

1 Defendants' knowledge of the Plaintiff's connections to the forum. *Axiom*, 874 F.3d at
2 1070; *Picot*, 780 F.3d 1206, 1214 (9th Cir. 2015) (stating that personal jurisdiction analysis
3 must focus on the defendant's contacts with the forum state, not the defendant's contacts
4 with a resident of the forum).

5 It is clear from the pleadings that the Home Depot Defendants were unaware of
6 Tabarka or any of its copyright interests until it received the first letter alleging copyright
7 infringement in May 2017. The Home Depot Defendants argue that upon receiving the
8 letter, Merola reached out to Tabarka to request proof of ownership of valid copyrights for
9 the tiles at issue. (Doc. 41 at 2–3) In the Complaint (Doc. 1), Merola's description of the
10 letter demonstrates that the letter identified Tabarka and alleged infringement of Tabarka's
11 intellectual property rights. (Doc. 1 at 6) Neither party has provided the Court with exhibits
12 reflecting the contents of the letters sent from Tabarka to the Home Depot Defendants.
13 Accordingly, the Court can only speculate as to when the Home Depot Defendants became
14 aware that Arizona was the forum state of Tabarka. However, it is undisputed that the
15 Home Depot Defendants have contacts with Arizona in the form of approximately 50 stores
16 located in Arizona and website sales made to customers in Arizona. (Doc. 29 at 13) It is
17 also undisputed that the Home Depot Defendants sold the tiles at issue in Arizona before
18 receipt of Tabarka's first letter. (Doc. 29 at 25) Accordingly, the Court finds that Tabarka
19 has pleaded facts sufficient to demonstrate that the Home Depot Defendants' sale of the
20 tiles is sufficient to demonstrate that their intentional acts were expressly aimed at Arizona.

21 c. Causing Harm

22 Tabarka must also make a prima facie showing that the Home Depot Defendants
23 knew that they were causing harm likely to be suffered in Arizona. This element is satisfied
24 when a defendant's intentional act has foreseeable effects in the forum and can be
25 established if the bulk of the harm occurs outside of the forum. *Wake Up & Ball LLC v.*
26 *Sony Music Entm't Inc.*, 119 F. Supp. 3d 944, 951 (D. Ariz. 2015). The Complaint alleges
27 that the Home Depot Defendants were engaging in copyright infringement. It is well
28 settled that the economic loss caused by the intentional infringement of a plaintiff's

1 copyright is foreseeable. *Mavrix*, 647 F.3d at 1231 (9th Cir. 2011). Accordingly, the Court
2 finds that the economic harm described by Tabarka would have foreseeably caused harm
3 to an Arizona entity. (Doc. 29 at 25)

4 ii. Forum Related Activities

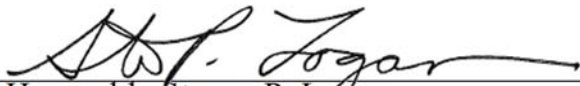
5 The second requirement for specific jurisdiction is that Tabarka's claims arise out
6 of the Home Depot Defendants' Arizona-related activities. This requirement is satisfied if
7 Tabarka would not have been injured "but for" the Home Depot Defendants' conduct in
8 Arizona. It is undisputed that the Home Depot Defendants and Merola sold Tabarka's
9 products outside of Arizona. (Doc. 66 at 3) Tabarka does not allege facts sufficient to
10 demonstrate that its injury is limited to the tiles sold in Arizona, as Tabarka admits that its
11 tiles are sold internationally and the Home Depot Defendants admit that the tiles were
12 offered nationwide. (Doc. 29 at 15) The Court must find that "but for" the Home Depot
13 Defendants' actions selling the tiles in Arizona, Tabarka still would have potentially
14 suffered an injury. Accordingly, the Court cannot find that Tabarka's claims arise out of
15 the Home Depot Defendants' forum related activities in Arizona.

16 Because the Court finds that Tabarka has not met its burden of demonstrating that
17 Tabarka's claims arise out of forum related activities, the Court need not address the issue
18 of reasonableness. The Court finds that Tabarka's counterclaims against HD Stores and
19 HD Web are not properly within the specific jurisdiction of the Court. Accordingly, the
20 Home Depot Defendants' Motion to Dismiss must be granted for lack of personal
21 jurisdiction.

22 Accordingly,

23 **IT IS ORDERED** that Counter-Defendants' Motion to Dismiss (Doc. 41) is
24 **granted.**

25 Dated this 31st day of January, 2019.

26 
27 Honorable Steven P. Logan
28 United States District Judge